



TOKOLOGO LOCAL MUNICIPALITY BUDGET NARRATIONS 2017/2018

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1.1 MAYOR'S REPORT

BUDGET SPEECH

BY:

HONOURABLE MAYOR B. E SEAKGE

Date: 31 March 2017

1.2 RESOLUTIONS

TLM SC 31/03/2017 (1)

Tabling of the Draft Annual budget: Draft Annual budget 2017/2018

Resolved that the Annual budget for the year 2017/2018 financial year be noted

Background

Section 16 of the Municipal Finance Management Act, Act 56 of 2003 determined as follows:

16. Annual budgets

- (1) the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Section 24 of the Municipal Finance Management Act, Act 56 of 2003 determined as follows:

24. Approval of annual budgets

- (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget—
 - (a) must be approved before the start of the budget year;
 - (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
 - (c) must be approved together with the adoption of resolutions as may be necessary—
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) approving any changes to the municipality's budget-related policies.
- (3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury

OPERATIONAL BUDGET

The Accounting officer and the chief financial Officer submitted operational budget to council amounting to:

Income:	R 88 982 000
Expenditure:	<u>R 88 979 000</u>
Surplus	R 3 000
Non-cash Items	<u>R 2 500 000</u>
Surplus	<u>R 2 503 000</u>

Resolved that council note the operational draft budget for 2017/2018 financial year as submitted

CAPITAL BUDGET

A capital budget to the amount of **R 72 930 450** is submitted.

Budget is financed as follows:

Regional Bulk:	R 45 000 000
MIG	R 15 930 450
INEP	R 11 000 000
EPWP	<u>R 1 000 000</u>
	<u>R 72 930 450</u>

Resolved that council approve the Capital budget for 2017/2018 financial year as submitted

1.3 EXECUTIVE SUMMARY

Overview

Tokologo local Municipality budgeted process started in August 2016 when the council approved budget timelines as required by legislation.

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 24 (1) and (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

“(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

(2) An annual budget –

(a) must be approved before the start of the budget year;

(b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and

(c) must be approved together with the adoption of resolutions as may be necessary –

(i) imposing any municipal tax for the budget year;

(ii) setting any municipal tariffs for the budget year;

(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;

(iv) approving any changes to the municipality’s integrated development plan; and

(v) approving any changes to the municipality’s budget-related policies.”

1.4 BUDGET TABLES

1.4.1 Budget Summary

FS182 Tokologo - Table A1 Consolidated Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	-	-	-	-	3,906	3,906	3,906	4,904	5,820	6,146
Service charges	-	-	-	-	41,963	41,963	41,963	25,446	26,912	28,403
Investment revenue	-	-	-	-	-	626	626	560	592	625
Transfers recognised - operational	-	-	-	-	-	46,539	46,539	47,013	52,284	55,883
Other own revenue	-	-	-	-	-	10,094	10,094	11,059	11,708	12,363
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	45,869	103,127	103,127	88,982	97,316	103,420
Employee costs	-	-	-	-	-	-	35,425	38,381	40,568	42,840
Remuneration of councillors	-	-	-	-	-	-	-	2,662	2,814	2,971
Depreciation & asset impairment	-	-	-	-	15,926	15,926	15,926	1,776	1,877	1,982
Finance charges	-	-	-	-	614	-	-	400	423	446
Materials and bulk purchases	-	-	-	-	20,290	16,250	16,250	30,280	32,006	33,798
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	16	-	23,502	6,416	6,416	15,481	15,887	16,777
Total Expenditure	-	-	16	-	60,332	38,592	74,016	88,979	93,575	98,815
Surplus/(Deficit)	-	-	(16)	-	(14,463)	64,535	29,111	3	3,741	4,605
Transfers and subsidies - capital (monetary allocated)	-	-	-	-	-	-	-	72,932	60,626	76,357
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	72,932	60,626	76,357
Surplus/(Deficit) after capital transfers & contributions	-	-	(16)	-	(14,463)	64,535	29,111	145,867	124,992	157,320
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	(16)	-	(14,463)	64,535	29,111	145,867	124,992	157,320
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	64,576	-	-	72,932	64,133	76,357
Transfers recognised - capital	-	-	-	-	-	-	-	72,932	64,133	76,357
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	-	-	-	-	72,932	64,133	76,357
Financial position										
Total current assets	-	-	-	-	15,183	-	-	27,522	29,090	30,720
Total non current assets	-	-	-	-	-	-	-	575,010	607,785	641,821
Total current liabilities	-	-	-	-	-	-	-	21,304	22,519	23,780
Total non current liabilities	-	-	-	-	-	-	-	20,570	21,743	22,960
Community wealth/Equity	-	-	-	-	-	-	-	560,657	592,614	625,801
Cash flows										
Net cash from (used) operating	-	-	-	-	(81,663)	-	-	57,474	46,852	62,511
Net cash from (used) investing	-	-	-	-	-	-	-	(72,932)	(60,626)	(76,357)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	-	-	-	-	(81,663)	-	-	(10,974)	(24,748)	(38,594)
Cash backing/surplus reconciliation										
Cash and investments available	-	-	-	-	-	-	-	580	613	647
Application of cash and investments	-	-	-	-	-	-	-	(1,361)	(1,155)	(1,243)
Balance - surplus (shortfall)	-	-	-	-	-	-	-	1,940	1,768	1,890

1.4.2 Budget Financial Performance (Revenue and Expenditure by Standard Classification)

FS182 Tokologo - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	29,800	31,499	33,263
Executive and council		-	-	-	-	-	-	12,105	12,795	13,512
Finance and administration		-	-	-	-	-	-	17,695	18,703	19,751
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	9,002	3,461	3,340
Community and social services		-	-	-	-	-	-	1,341	1,418	1,497
Sport and recreation		-	-	-	-	-	-	7,661	2,044	1,843
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	14,656	16,205	24,732
Planning and development		-	-	-	-	-	-	3,468	3,665	3,870
Road transport		-	-	-	-	-	-	11,188	12,540	20,861
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	108,454	105,952	116,661
Energy sources		-	-	-	-	-	-	35,547	28,889	35,283
Water management		-	-	-	-	-	-	50,604	53,489	56,484
Waste water management		-	-	-	-	-	-	13,111	13,859	14,635
Waste management		-	-	-	-	-	-	9,191	9,715	10,259
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	-	-	-	-	161,912	157,117	177,996
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	34,616	36,590	38,639
Executive and council		-	-	-	-	-	-	9,445	9,983	10,542
Finance and administration		-	-	-	-	-	-	23,994	25,362	26,782
Internal audit		-	-	-	-	-	-	1,177	1,244	1,314
<i>Community and public safety</i>		-	-	-	-	-	-	1,795	1,898	2,004
Community and social services		-	-	-	-	-	-	1,215	1,284	1,356
Sport and recreation		-	-	-	-	-	-	580	613	648
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	8,414	8,894	9,392
Planning and development		-	-	-	-	-	-	5,505	5,819	6,145
Road transport		-	-	-	-	-	-	2,909	3,075	3,247
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	44,153	46,194	48,781
Energy sources		-	-	-	-	-	-	29,704	30,922	32,654
Water management		-	-	-	-	-	-	3,587	3,792	4,004
Waste water management		-	-	-	-	-	-	6,536	6,908	7,295
Waste management		-	-	-	-	-	-	4,326	4,572	4,828
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	-	-	-	-	-	88,979	93,575	98,815
Surplus/(Deficit) for the year		-	-	-	-	-	-	72,933	63,542	79,180

1.4.3 Financial Performance (revenue and expenditure by municipal vote)

FS182 Tokologo - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue by Vote	1									
Vote 1 - [COUNCIL GENERAL]		-	-	-	-	-	-	5,615	5,935	6,268
Vote 2 - [MUNICIPAL MANAGER]		-	-	-	-	-	-	6,490	6,860	7,244
Vote 3 - [FNANCIAL SERVICES]		-	-	-	-	-	-	6,243	6,599	6,968
Vote 4 - [ASSESSMENT RATES]		-	-	-	-	-	-	6,963	7,360	7,772
Vote 5 - [CORPORATE SERVICES]		-	-	-	-	-	-	13,835	8,570	8,735
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		-	-	-	-	-	-	15,257	16,840	25,402
Vote 8 - [ELECTRICITY]		-	-	-	-	-	-	35,547	28,889	35,283
Vote 9 - [WATER]		-	-	-	-	-	-	50,604	53,489	56,484
Vote 10 - [WASTE WATER MANAGEMENT]		-	-	-	-	-	-	13,111	13,859	14,635
Vote 11 - [SOLID WASTE MANAGEMENT]		-	-	-	-	-	-	9,191	9,715	10,259
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	-	-	-	-	162,858	158,116	179,051
Expenditure by Vote to be appropriated	1									
Vote 1 - [COUNCIL GENERAL]		-	-	-	-	-	-	5,876	6,210	6,558
Vote 2 - [MUNICIPAL MANAGER]		-	-	-	-	-	-	5,763	6,092	6,433
Vote 3 - [FNANCIAL SERVICES]		-	-	-	-	-	-	18,433	19,484	20,575
Vote 4 - [ASSESSMENT RATES]		-	-	-	-	-	-	188	199	210
Vote 5 - [CORPORATE SERVICES]		-	-	-	-	-	-	7,293	7,708	8,140
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		-	-	-	-	-	-	7,274	7,688	8,119
Vote 8 - [ELECTRICITY]		-	-	-	-	-	-	29,704	30,922	32,654
Vote 9 - [WATER]		-	-	-	-	-	-	3,587	3,792	4,004
Vote 10 - [WASTE WATER MANAGEMENT]		-	-	-	-	-	-	6,536	6,908	7,295
Vote 11 - [SOLID WASTE MANAGEMENT]		-	-	-	-	-	-	4,326	4,572	4,828
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	-	-	-	-	88,979	93,575	98,815
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	73,878	64,541	80,235

1.4.4 Financial Performance (Revenue and Expenditure)

FS182 Tokologo - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source												
Property rates	2	-	-	-	-	3,906	3,906	3,906	3,906	4,904	5,820	6,146
Service charges - electricity revenue	2	-	-	-	-	14,267	14,267	14,267	14,267	12,768	13,497	14,252
Service charges - water revenue	2	-	-	-	-	3,503	3,503	3,503	3,503	2,027	2,144	2,263
Service charges - sanitation revenue	2	-	-	-	-	14,570	14,570	14,570	14,570	6,292	6,657	7,023
Service charges - refuse revenue	2	-	-	-	-	9,623	9,623	9,623	9,623	4,359	4,612	4,866
Service charges - other				-								
Rental of facilities and equipment										626	662	699
Interest earned - external investments										560	592	625
Interest earned - outstanding debtors										10,071	10,645	11,241
Dividends received										2	2	2
Fines, penalties and forfeits										64	67	71
Licences and permits											-	-
Agency services												
Transfers and subsidies										47,013	52,284	55,883
Other revenue	2	-	-	-	-	-	641	641	641	297	332	350
Gains on disposal of PPE												
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	45,869	103,127	103,127	103,127	88,982	97,316	103,420
Expenditure By Type												
Employee related costs	2	-	-	-	-	-	-	-	35,425	38,381	40,568	42,840
Remuneration of councillors										2,662	2,814	2,971
Debt impairment	3					1,275				724	766	808
Depreciation & asset impairment	2	-	-	-	-	15,926	15,926	15,926	15,926	1,776	1,877	1,982
Finance charges						614				400	423	446
Bulk purchases	2	-	-	-	-	16,250	16,250	16,250	16,250	27,450	29,015	30,639
Other materials	8					4,040				2,830	2,991	3,159
Contracted services		-	-	-	-	6,416	6,416	6,416	6,416	3,720	3,456	3,650
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	-	-	15,811	-	-	-	11,036	11,666	12,319
Loss on disposal of PPE				16								
Total Expenditure		-	-	16	-	60,332	38,592	74,016	74,016	88,979	93,575	98,815
Surplus/(Deficit)		-	-	(16)	-	(14,463)	64,535	64,535	29,111	3	3,741	4,605
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)										72,932	60,626	76,357
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)										72,932	60,626	76,357
Surplus/(Deficit) after capital transfers & contributions		-	-	(16)	-	(14,463)	64,535	64,535	29,111	145,867	124,992	157,320
Taxation												
Surplus/(Deficit) after taxation		-	-	(16)	-	(14,463)	64,535	64,535	29,111	145,867	124,992	157,320
Attributable to minorities												
Surplus/(Deficit) attributable to municipality		-	-	(16)	-	(14,463)	64,535	64,535	29,111	145,867	124,992	157,320
Share of surplus/ (deficit) of associate	7											
Surplus/(Deficit) for the year		-	-	(16)	-	(14,463)	64,535	64,535	29,111	145,867	124,992	157,320

1.4.5 Capital Expenditure

FS182 Tokologo - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - [COUNCIL GENERAL]		-	-	-	-	-	-	-	-	-	-
Vote 2 - [MUNICIPAL MANAGER]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [FNANCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [ASSESSMENT RATES]		-	-	-	-	-	-	-	-	-	-
Vote 5 - [CORPORATE SERVICES]		-	-	-	-	-	-	-	6,746	1,077	822
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		-	-	-	-	-	-	-	7,313	8,443	16,535
Vote 8 - [ELECTRICITY]		-	-	-	-	-	-	-	12,000	4,000	9,000
Vote 9 - [WATER]		-	-	-	-	-	-	-	46,873	50,613	50,000
Vote 10 - [WASTE WATER MANAGEMENT]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [SOLID WASTE MANAGEMENT]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	72,932	64,133	76,357
Single-year expenditure to be appropriated	2										
Vote 1 - [COUNCIL GENERAL]		-	-	-	-	-	-	-	-	-	-
Vote 2 - [MUNICIPAL MANAGER]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [FNANCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [ASSESSMENT RATES]		-	-	-	-	-	-	-	-	-	-
Vote 5 - [CORPORATE SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [ELECTRICITY]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [WATER]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [WASTE WATER MANAGEMENT]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [SOLID WASTE MANAGEMENT]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	-	-	-	-	-	72,932	64,133	76,357
Capital Expenditure - Functional											
Governance and administration		-	-	-	-	-	-	-	-	-	-
Executive and council											
Finance and administration											
Internal audit											
Community and public safety		-	-	-	-	-	-	-	6,746	1,077	822
Community and social services									6,746	1,077	822
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services		-	-	-	-	7,525	-	-	7,313	8,443	16,535
Planning and development											
Road transport						7,525			7,313	8,443	16,535
Environmental protection											
Trading services		-	-	-	-	57,051	-	-	58,873	54,613	59,000
Energy sources									12,000	4,000	9,000
Water management						50,068			46,873	50,613	50,000
Waste water management											
Waste management						6,983					
Other											
Total Capital Expenditure - Functional	3	-	-	-	-	64,576	-	-	72,932	64,133	76,357
Funded by:											
National Government									72,932	64,133	76,357
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	-	-	-	-	72,932	64,133	76,357
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	-	-	-	-	-	-	-	72,932	64,133	76,357

1.4.6 Financial Position

FS182 Tokologo - Table A6 Consolidated Budgeted Financial Position

Table A6 Consolidated Budgeted Financials - 2016/17											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash									424	448	473
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	-	-	-	15,183	-	-	23,183	24,505	25,877
Other debtors									3,861	4,081	4,309
Current portion of long-term receivables									29	31	32
Inventory	2								25	26	28
Total current assets		-	-	-	-	15,183	-	-	27,522	29,090	30,720
Non current assets											
Long-term receivables										-	-
Investments									156	165	174
Investment property									30,016	31,726	33,503
Investment in Associate										-	-
Property , plant and equipment	3	-	-	-	-	-	-	-	542,726	573,661	605,786
Agricultural											
Biological									2,112	2,233	2,358
Intangible											
Other non-current assets											
Total non current assets		-	-	-	-	-	-	-	575,010	607,785	641,821
TOTAL ASSETS		-	-	-	-	15,183	-	-	602,532	636,876	672,541
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits									501	529	559
Trade and other payables	4	-	-	-	-	-	-	-	15,357	16,233	17,142
Provisions									5,446	5,757	6,079
Total current liabilities		-	-	-	-	-	-	-	21,304	22,519	23,780
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	690	730	771
Provisions		-	-	-	-	-	-	-	19,880	21,013	22,190
Total non current liabilities		-	-	-	-	-	-	-	20,570	21,743	22,960
TOTAL LIABILITIES		-	-	-	-	-	-	-	41,875	44,261	46,740
NET ASSETS	5	-	-	-	-	15,183	-	-	560,657	592,614	625,801
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)									560,657	592,614	625,801
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	-	-	560,657	592,614	625,801

1.4.7 Cash Flow

FS182 Tokologo - Table A7 Consolidated Budgeted Cash Flows

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates										3,610	3,812	4,029
Service charges										20,715	21,875	23,122
Other revenue										1,272	1,343	1,420
Government - operating		1								47,013	52,284	55,883
Government - capital		1								72,932	60,626	76,357
Interest										461	487	515
Dividends										-	-	-
Payments												
Suppliers and employees							(81,049)			(88,129)	(93,152)	(98,369)
Finance charges							(614)			(400)	(423)	(446)
Transfers and Grants		1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	-	-	-	(81,663)	-	-	57,474	46,852	62,511
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE										-	-	-
Decrease (Increase) in non-current debtors										-	-	-
Decrease (increase) other non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
Payments												
Capital assets										(72,932)	(60,626)	(76,357)
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	-	-	-	-	-	-	(72,932)	(60,626)	(76,357)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing										-	-	-
Increase (decrease) in consumer deposits										-	-	-
Payments												
Repayment of borrowing						-				-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			-	-	-	-	(81,663)	-	-	(15,458)	(13,774)	(13,847)
Cash/cash equivalents at the year begin:		2								4,484	(10,974)	(24,748)
Cash/cash equivalents at the year end:		2	-	-	-	-	(81,663)	-	-	(10,974)	(24,748)	(38,594)

1.4.8 Cash backed reserves

FS182 Tokologo - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	-	(81,663)	-	-	(10,974)	(24,748)	(38,594)
Other current investments > 90 days		-	-	-	-	81,663	-	-	11,398	25,195	39,067
Non current assets - Investments	1	-	-	-	-	-	-	-	156	165	174
Cash and investments available:		-	-	-	-	-	-	-	580	613	647
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	-	-	-	-	-	-	-	(1,361)	(1,155)	(1,243)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		-	-	-	-	-	-	-	(1,361)	(1,155)	(1,243)
Surplus(shortfall)		-	-	-	-	-	-	-	1,940	1,768	1,890

1.4.9 Asset Management

FS182 Tokologo - Table A9 Consolidated Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	43,242	24,648	-	58,534	59,605	-	58,873	54,613	59,000
Roads Infrastructure		-	-	-	1,993	4,444	-	-	-	-
Storm water Infrastructure		-	-	-	3,571	4,061	-	-	-	-
Electrical Infrastructure		-	9,382	-	1,032	1,032	-	12,000	4,000	9,000
Water Supply Infrastructure		14,173	7,705	-	51,938	50,068	-	46,873	50,613	50,000
Sanitation Infrastructure		12,898	4,042	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	264	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		27,071	21,394	-	58,534	59,605	-	58,873	54,613	59,000
Community Facilities		7,439	2,819	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		7,439	2,819	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		8,731	436	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		8,731	436	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	16,983	-	14,059	9,520	17,357
Roads Infrastructure		-	-	-	-	-	-	7,313	8,443	16,535
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	6,983	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	6,983	-	7,313	8,443	16,535
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	10,000	-	6,746	1,077	822
Community Assets		-	-	-	-	10,000	-	6,746	1,077	822
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Total Upgrading of Existing Assets	6	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	1,993	4,444	-	7,313	16,535
Roads Infrastructure		-	-	-	1,993	4,444	-	7,313	16,535
Storm water Infrastructure		-	-	-	3,571	4,061	-	-	-
Electrical Infrastructure		-	9,382	-	1,032	1,032	-	12,000	9,000
Water Supply Infrastructure		14,173	7,705	-	51,938	50,068	-	46,873	50,000
Sanitation Infrastructure		12,898	4,042	-	-	-	-	-	-
Solid Waste Infrastructure		-	264	-	-	6,983	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-
Infrastructure		27,071	21,394	-	58,534	66,588	-	66,186	75,535
Community Facilities		7,439	2,819	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	10,000	-	6,746	822
Community Assets		7,439	2,819	-	-	10,000	-	6,746	822
Heritage Assets		-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-
Operational Buildings		8,731	436	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-
Other Assets		8,731	436	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		43,242	24,648	-	58,534	76,588	-	72,932	76,357

ASSET REGISTER SUMMARY - PPE (WDV)	5								
Roads Infrastructure							216,353	216,353	216,353
Storm water Infrastructure								7,313	18,313
Electrical Infrastructure							23,126	34,126	38,126
Water Supply Infrastructure							210,655	255,655	295,655
Sanitation Infrastructure							26,409	26,409	26,409
Solid Waste Infrastructure							150,987	150,987	150,987
Rail Infrastructure									
Coastal Infrastructure									
Information and Communication Infrastructure									
Infrastructure		-	-	-	-	-	627,531	690,843	745,843
Community Facilities							16,942	18,019	18,841
Sport and Recreation Facilities									
Community Assets		-	-	-	-	-	16,942	18,019	18,841
Heritage Assets									
Revenue Generating									
Non-revenue Generating									
Investment properties		-	-	-	-	-	-	-	-
Operational Buildings									
Housing									
Other Assets		-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Servitudes									
Licences and Rights									
Intangible Assets		-	-	-	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment									
Machinery and Equipment									
Transport Assets									
Libraries									
Zoo's, Marine and Non-biological Animals									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	-	-	-	644,472	708,862	764,684

EXPENDITURE OTHER ITEMS		7	-	-	-	-	-	1,776	1,877	1,982
Depreciation		3	-	-	-	-	-	2,830	2,991	3,159
Repairs and Maintenance by Asset Class						1,651	-			
Roads Infrastructure			-	-	-	801	-	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	200	211	223
Water Supply Infrastructure			-	-	-	-	-	635	671	709
Sanitation Infrastructure			-	-	-	-	-	90	95	100
Solid Waste Infrastructure			-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-
Infrastructure			-	-	-	801	-	925	978	1,032
Community Facilities			-	-	-	-	-	-	-	-
Sport and Recreation Facilities			-	-	-	-	-	-	-	-
Community Assets			-	-	-	-	-	-	-	-
Heritage Assets			-	-	-	850	-	-	-	-
Revenue Generating			-	-	-	-	-	300	317	335
Non-revenue Generating			-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	300	317	335
Operational Buildings			-	-	-	-	-	79	84	88
Housing			-	-	-	-	-	-	-	-
Other Assets			-	-	-	-	-	79	84	88
Biological or Cultivated Assets			-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-
Furniture and Office Equipment			-	-	-	-	-	-	-	-
Machinery and Equipment			-	-	-	-	-	762	806	851
Transport Assets			-	-	-	-	-	764	807	852
Libraries			-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS			-	-	-	1,651	-	4,606	4,869	5,141

1.4.10 Basic Service Delivery

FS182 Tokologo - Table A10 Consolidated basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	7,567	7,567	7,567
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	932	932	932
Using public tap (at least min.service level)	2	-	-	-	-	-	-	199	199	199
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	8,698	8,698	8,698
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	8,698	8,698	8,698
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	2,089	2,089	2,089
Flush toilet (with septic tank)		-	-	-	-	-	-	1,170	1,170	1,170
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	2,716	2,716	2,716
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	5,975	5,975	5,975
Bucket toilet		-	-	-	-	-	-	1,571	1,571	1,571
Other toilet provisions (< min.service level)		-	-	-	-	-	-	960	960	960
No toilet provisions		-	-	-	-	-	-	192	192	192
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	2,723	2,723	2,723
Total number of households	5	-	-	-	-	-	-	8,698	8,698	8,698
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	7,326	7,326	7,326
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	7,326	7,326	7,326
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	1,372	1,372	1,372
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	1,372	1,372	1,372
Total number of households	5	-	-	-	-	-	-	8,698	8,698	8,698
Refuse:										
Removed at least once a week		-	-	-	-	-	-	3,924	3,924	3,924
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	3,924	3,924	3,924
Removed less frequently than once a week		-	-	-	-	-	-	181	181	181
Using communal refuse dump		-	-	-	-	-	-	199	199	199
Using own refuse dump		-	-	-	-	-	-	3,748	3,748	3,748
Other rubbish disposal		-	-	-	-	-	-	241	241	241
No rubbish disposal		-	-	-	-	-	-	405	405	405
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	4,774	4,774	4,774
Total number of households	5	-	-	-	-	-	-	8,698	8,698	8,698
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	3,000	3,168	3,349
Sanitation (free minimum level service)		-	-	-	-	-	-	3,000	3,168	3,349
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	3,000	3,168	3,349
Refuse (removed at least once a week)		-	-	-	-	-	-	3,000	3,168	3,349
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	1,581	1,670	1,765
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	7,364	7,777	8,220
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	1,502	1,586	1,676
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	4,686	4,949	5,231
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	15,134	15,981	16,892

PART 2

1.1 Overview of the annual Budget

Municipal financial Management Act (MFMA) mention six steps that the municipality must follow in order to prepare the annual budget that is credible, the planning and strategizing process started with the preparation of the budget timelines as required by the Act. The council of the municipality approved the budget timelines during council meeting as stipulated in the MFMA.

All department heads were asked to give their inputs in order to allow the budget office to prepare the budget. The budget office of the municipality under the leadership of the Chief Financial Officer prepared the draft budget, which was tabled at the end of March 2017.

The annual budget of the municipality is aligned to the municipality integrated development plan. Section 22 of the MFMA stipulates that the budget must be sent both to the National and Provincial Treasury both in hard and Electronic copy.

MFMA section 23(1) stipulates that after the annual budget of the municipality has been tabled in council the municipality must consider the views of the local community and relevant provincial treasury.

Based on the above the municipality is planning to invite the community to the budget consultative meetings, the meetings are scheduled from 17th, 18th and 19th of May 2017.

1.2 Overview of the alignment of annual budget with Integrated development Plan

The budget of the municipality was informed by the IDP as both documents were prepared in tandem, the biggest project in the municipal budget and IDP is the laying of the pipe line from Riverton to Boshof, the entire funding of this project is Regional Bulk.

Another important project included in the IDP is Electrification of house in Dikgalaope and Seretse, this project will be funded by the department of Energy.

1.3 Overview of budget related policies

The budget process is guided by and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to guide and govern process and inform projection of the medium term. Tokologo Local Municipality has the following budget related policies

- **Credit Control Policy**

This policy provides direction in areas of credit control, collection of amounts billed to customers, procedures for recovery of arrear accounts, etc. Tokologo Local

Municipality annually revises policy and approved the revised policy together with the annual budget approval.

- **Investment and Cash Management Policy**
Every municipal council is required in terms of Section 13(2) of the Municipal Finance Management Act (MFMA) no 56 of to approve a Cash and Investments Policy for the Council. The primary objective of the investment policy is to gain the highest possible return, without unnecessary risk, during periods when excess funds are not being used
- **Budget Policy**
The annual budget is the central financial planning document that entails all revenue and expenditure decisions. It establishes the level of services to be provided by each department. The accounting officer confirms the municipality's priorities in the formulation of the draft and the final budget document. A budget, as per S71 of the MFMA, is subject to monthly control and reporting to Council with recommendations of action to be taken to achieve the budget's goals
- **Tariff Policy**
The purpose of this policy is to ensure that a uniform tariff is applied to the municipal area of jurisdiction. The policy is updated and sent for public comment annually.
- **Indigent Policy**
The criterion for benefits under this scheme is part of the credit control policy. An indigent register is maintained in order administer indigent support. The survey forms to qualify for the indigent support must be completed annually. The Municipality may annually, as part of its budgetary process, determine the municipal services and levels thereof which will be subsidized in respect of indigent customers in accordance with the national policy, but subject to principles of sustainability and affordability.
- **Property Rates Policy**
This has been implemented with the Municipal Property Rates Act with effect from 1 July 2007. Policy has to be reviewed annually when the draft budget is submitted.
- **Supply Chain management Policy**
The policy reflects and represents the context of the Municipal Finance Management Act, Act no 56 of 2003

1.4 Overview of Budget Assumptions

The budget was prepared on the incremental budgeting process with the assumption that goods and services as previously budgeted will increase by a certain percentage which is more than the current CPI. The following tariffs were increased:

Sewerage 6%,

Refuse 6%,

Water 6%,

Other Revenue 6% and

Electricity 2.8%.

1.5 Overview of Budget Funding

MFMA section 18 states that the expenditure of the budget may only be funded from:

- Realistically anticipated revenue to be collected and Grants

Tokologo Local Municipality operating budget totals to R88 982 000 and is funded from:

- Grants (Equitable Share and FMG)
- Service Charges (Electricity, Water, Sewer and Refuse)
- Other Revenue (Camp Rentals, Clearance certificate, Building Plans, etc.)

The capital budget of the municipality totals R72 930 450 and is funded from:

- Regional Bulk
- MIG
- EPWP
- INEP

The municipality collection rate is standing at 60%

The municipality equitable share is R44 274 000 has increased with R850 000 as compared to last year, the other grants that the municipality is receiving are Financial management grant (FMG) R1 900 000, Extended public works programme (EPWP) R 1 000 000 has decreased as compared to last year, Regional Bulk R45 000 000 and Municipal Infrastructure Grant (MIG) 16 177 000, Total allocation are clearly distinguished in supporting tables SA18.

1.6 Expenditure on allocations and grants Programmes

Total Grants allocated to the municipality is R122 147 000, with operational grants R 47 013 000 and capital R72 930 450,

The equitable share will be spend on the following:

- Salaries 43%
- Eskom 31%

Financial Management Grant will be spend on following:

- 5 Finance Interns Salaries
- MFMP Training for Interns and 2 Officials
- mSCOA Implementation

- Appointment of Supply Chain Manager

The following projects have been budgeted under the capital Grant

- Seretse Bulk water
- Seretse/ Dikgalaope Electrification
- Hertzogville/Malebogo Upgrading of the community stadium - phase 1
- Hertzogville/Melebog Construction of 1.34km storm water runoff
- Boshof/Seretse Upgrading of community stadium phase 2
- Dealesville/Tshwaraganang Upgrading of 1.5km paved road and storm water phase 1
- Hertzogville/Malebogo Construction of 1.5km paved roads and storm water phase 1
- Hertzogville/Malebogo: Upgrading of community stadium phase
- Hertzogville/Malebogo: Installation of bulk water meters and 250 water house connections.

1.7 Allocations and grants made by the municipality

Due to financial constraints of the municipality, the municipality is not giving any grants away to institutions or individuals

1.8 Monthly targets for revenue, expenditure and cash flow

Disclosure of the monthly cash flow is on supporting table SA24, SA25, AS26, SA27, SA28, SA29 and SA30.

1.9 Contracts Having Future Budgetary implications

The municipality do not have any contracts over 3 years .

1.10 Capital Expenditure

Disclosed in table A5

The following projects have been budged under capex:

Project Name	Amount
Hertzogville/Malebogo: Upgrading of the community stadium - phase 1 (MIS:220277)	665,231
Hertzogville/Melebogo: Construction of 1.34km storm water runoff (MIS:228298)	2,206,992
Boshof/Seretse: Upgrading of community stadium phase 2 (MIS:245327)	6,081,244
Dealesville/Tshwaraganang: Upgrading of 1.5km paved road and storm water phase 1 (MIS:245314)	600,000

\Hertzogville/Malebogo: Construction of 1.5km paved roads and storm water drainage phase 1 (MIS:249167)	4,505,584
\Hertzogville/Malebogo: Upgrading of community stadium phase 2 (MIS:245412)	-
Hertzogville/Malebogo: Installation of bulk water meters and 250 water house connections (MIS:245348)	1,873,399
Seretse/ Dikgalaope Electrification	11,000,000
Regional bulk water	45,000,000
Total	72 930 450

1.11 Municipal manager's quality certification

I **Kelehile Joseph Motlhale**, municipal manager of **Tokologo Local Municipality**, hereby certify that the 2017/2018 Draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Name: _____

Name of Municipality: _____

Signature: _____

Date: _____